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THE REAL TRUTH ABOUT SILVER.

There was no Crime of 1873.

Silver has Never Been Demonetized.

The Coinage of Silver Dollars is still going on, and they are a legal tender "for all debts and dues, public and private, except where otherwise expressly stipulated in the contract."

The Coinage of the Gold Dollar is no longer authorized, and yet no one claims that gold has been demonetized.

THE REPUBLICAN PARTY

HAS BEEN THE
TRUE FRIEND TO SILVER.

Its real enemy has been the excessive production, at reduced cost, during a period when the production of gold has been constantly increasing.



The Real Truth About Silver.

The chairman in his speech before the late Popocratic Convention at Buffalo, N. Y., reasserted the well worn lie that silver had been demonetized in 1873, when he stated that "in 1873 the standard was changed—secretly, stealthily changed," etc.

The Democrats of Connecticut in their platform adopted by the State Convention, lately held at New Haven, resolved, "That the growing industrial disaster and distressing poverty and idleness has been the ever increasing result of the demonetization of silver in 1873," etc.

It has been said that truth crushed to earth would rise again, but it seems truth has no monopoly in this movement, for this lie about the "*crime of 1873*" has for all intelligent inquirers been literally torn to pieces. and yet even state conventions at this day are treated to a revival of the charge.

I presume, therefore, that it will be necessary between now and November to continue reiterating the truth as persistently as the falsehood reappears.

It is not important to inquire whether the alleged demonetization of 1873 was secretly accomplished, nor is it of consequence to quote opinions of prominent persons as to what was done, why it was done, or what was intended to be done, etc., etc. The only question is, *What was actually done?*

I will try to make it so plain that "the wayfaring men, yea fools, shall not err therein," but to do this it will be necessary to state some historical facts respecting our coinage.

The United States was without any coinage system until after the organization of the mint by act of Congress April 2, 1792, on lines suggested by Robert Morris and Alexander Hamilton, That act prescribed a double

standard of gold and silver units, of equal commodity value.

The first coin provided for was an eagle, to be of the "value of ten *dollars or units*, and to contain $247\frac{1}{8}$ grains of pure gold, or 270 grains of standard gold." After providing for further gold pieces of the denomination of five dollars, and two dollars and a half, provision was made for silver and copper coinage.

The silver *dollar or unit* was "to contain $371\frac{4}{16}$ grains of pure silver or 416 grains of standard silver." Following, and of relative values, were coins of fifty cents, twenty-five cents, ten cents and five cents; then a copper cent, equal to one-hundredth of a unit, and a half cent in copper to represent the smallest subdivision.

By this act, the ratio was as 1 to 15, that being deemed the closest estimate of the relative commercial value of gold and silver bullion, which was the sole basis of the coinage ratio then established. The United States did not then produce either gold or silver. The only metallic money in circulation consisted of foreign coins, mostly silver, derived from our commerce with Europe, the West Indies and South America.

Subsequent acts of Congress fixed the value of these foreign coins, from time to time, for the purpose of a circulating currency, subject to the value of our own coinage.

As early as 1804 (only twelve years after the mint was established), it became evident that our silver coinage could not be retained in circulation, as the bullion value was greater than the coin value.

To check this drain on our meagre coin circulation, President Jefferson assumed the authority to direct that no more silver dollars be coined; and the following letter was written by the then Secretary of State, to the Director of the United States Mint:

DEPARTMENT OF STATE, May 1, 1806.

SIR: In consequence of a representation from the Director of the Bank of the United States that considerable purchases have been made of dollars coined at the mint for the purpose of exporting them, and as it is probable further purchases and exportations will be made, the President directs that all the silver to be coined at the mint shall be of small denominations, so that the value of the largest pieces shall not exceed half a dollar.

I am, etc.,

JAMES MADISON.

ROBERT PATTERSON, Esq., Director of the Mint.

Matters thus continued until 1834, when Congress reduced the number of grains of pure gold in the coinage, which, without changing the silver coinage, served to fix the ratio so that it then stood as 16 to 1.*

From 1793 to 1805, inclusive, the entire number of standard silver dollars coined aggregated only 1,439,517, and during the next thirty-three years, or from 1805 to 1837 inclusive, only one thousand silver dollars were coined, although some \$40,000,000 were coined in *half dollars* alone.

The result of the act of June 28, 1834, in reducing the weight of pure gold in the gold coins, did not accomplish the *object* aimed at, viz.: *to retain gold and silver in circulation concurrently.*

Congress, by the act of January 18, 1837, reduced the weight of the silver dollar to 412½ grains from 416 grains, that of the half dollar from 208 grains to 206¼, and the quarter from 104 to 103⅙, but the amount of *pure silver* in these coins remained the same.

Congress, by the act of February 21, 1853, further reduced the weight of the half dollar to 192 grains, for the purpose of keeping the silver at home for the smaller transactions of business. The minor coins were proportionately changed and the legal tender quality was limited to \$5.00.

There was no provision concerning the silver dollar by this act of 1853; it was simply left as before.

Silver continued to be coined in large amounts, but only in half dollars and lesser denominations. The discovery of gold in California led to the coinage of large amounts of that metal, so that from 1850 to 1854 alone, nearly \$200,000,000 of gold bullion was coined in various denominations. There were more one dollar gold pieces coined in these five years than had been coined of silver dollars from 1792 to 1873 inclusive. From 1850 to 1854 there were fewer than 100,000 silver dollars coined, although more than \$12,000,000 in half dollars, quarters, dimes and half dimes were coined within the same brief period.

* Strictly 16.02 to 1. In all cases in referring to ratios, I disregard the decimals.

No one then claimed any crime had been committed because the coinage of silver dollars had nominally ceased. We had received gold dollars instead, in unexpected volume. The fact is, that within those five short years the United States mint had coined more money of all kinds than theretofore, from the establishment of the mint in 1792 down to 1849, a period of 48 years.

The gold dollar authorized by the act of March 3, 1849, took the place of the silver dollar in common use, as a mere matter of convenience. The half dollar filled every possible demand for smaller trading, supplemented of course by the large amount of quarters, dimes and half dimes. Had the silver dollars been asked for they would have been furnished, as their coinage was not discontinued by act of Congress, until 1873.

The coinage of the gold dollar substantially ceased in 1862, as out of a total coinage of that denomination from 1849 to 1889, of \$19,499,337, only about \$500,000 dollars were coined after 1862.

They had been found inconvenient and liable to loss from their small size, so that Congress provided in the act of February 21, 1853, for the coinage of a three dollar piece, under which act, however, only \$1,619,376 were coined.

In practice it was found there was no room for another coin between the two and a half and five dollar gold pieces. Hence, the coinage of the three dollar piece was discontinued by act of Congress, September 26, 1890, and at the same time the coinage of the *dollar gold piece* was discontinued.

N. B.—*Here was a basis for another charge of crime, as the specific gold unit of value was dropped from the coinage.*

The results of coinage by the United States mints disclose the very curious fact, that "denomination," has been determined simply by the demand, which has, in turn, been a mere matter of personal convenience. Gold was preferred for the larger and silver for the smaller transactions, where the choice was left entirely free to the people themselves, and not controlled by law compelling the coinage of specific amounts, as in the case of the silver dollar by the act of 1878.

The gold coinage has been as follows :

Denomination.

\$20.00, from 1849 to June 30, 1895.....	\$1,225,818,760
\$10.00, from 1792 to June 30, 1895.....	262,380,780
\$5.00, from 1792 to June 30, 1895.....	217,814,395
\$2.50, from 1792 to June 30, 1895.....	28,681,115
\$3.00, from 1853 to September 26, 1890.....	1,619,376
\$1.00, from 1849 to September 26, 1890.....	19,499,337

SILVER.

Standard dollars, from 1792 to 1873.....	8,031,238
Trade dollars, from 1873 to 1887.....	35,965,724
Standard dollars, from 1878 to 1895*.....	423,289,219
Half dollars, from 1792 to 1895.....	130,857,276
Quarter dollars, from 1792 to 1895.....	49,160,461

The coinage of our own mints having fully supplied our own needs, Congress, by act of February 21, 1857, repealed all laws giving foreign gold and silver coins a legal tender quality, and while the Treasury was authorized to continue to receive them at certain valuations for certain purposes, they were not to be reissued, *but recoined*.

Although the amount of silver coined at the United States mints up to and including 1860 aggregated some \$120,000,000, there was produced by the mines in the United States from 1792 to 1860 only \$1,650,000 of silver ; *so that the source of supply was limited to foreign coins and bullion*. During this same period of sixty-nine years, the amount of gold *coined* aggregated some \$460,000,000, while our own mines alone furnished between the same dates (1792 to 1860), \$675,000,000 in value, of the metal itself.

From 1860 to 1894 the annual yield of *silver* from our mines greatly increased, so that in thirty-four years we produced \$1,295,000,000, or an average output of \$38,000,000 *silver* per annum. Meantime, we produced of *gold* an aggregate of \$1,337,000,000, or an average of \$39,000,000 gold per annum.

The coinage of silver continued uninterrupted, but the denominations were limited to half dollars, quarters, twenty cent pieces, dimes and half dimes until after 1878.

* This was under the act of February 28, 1878, which compelled the coinage of not less than \$2,000,000 worth of silver into dollars each month.

During the thirty-four years from 1860 to 1894, there were coined of these smaller denominations, the value of \$54,-766,000, and it is well known that a large amount of this fractional silver is now held in the Treasury for lack of demand.

The enormous increase of *silver*, without any corresponding annual increase in the product of *gold*, very naturally attracted the attention of the producers (those most interested) as well as of the commercial interests of the world, looking to the future of silver, as a money metal.

The Franco-Prussian war of 1870, resulted in an enormous war indemnity being paid to Prussia. This amounted to \$1,000,000,000, mainly in gold.

The North German States having demonetized gold about 1853, on account of the sudden and great increase of the product in the United States and Australia, the new German empire availed of this sudden acquisition of gold from France, to change her monetary standard from *silver* to *gold*.

This was followed by an attempt on the part of Germany to sell a large amount of silver as bullion, really inaugurating the decline in the commodity price of silver, which, (with the exception of a rally following the legislation of July 14, 1890, known as the Sherman law), has finally brought us to the present price of 66 cents per ounce, against \$1.325 per ounce in 1870. Following the action of Germany, silver coinage at a later date was discontinued by the Latin Union, and in 1893 the Indian mints were closed. All these events depressed the price of silver as a commodity, and meantime the world's production of silver increased from 29,000,000 ounces in 1861, to 167,000,000 ounces in 1894.

The coinage value of silver for the world was \$45,700,000 in 1861, and \$215,800,000 in 1894. The coinage of silver in the United States alone, rose from \$2,000,000 in 1861, to \$64,000,000 in 1894.

N. B.—*This does not look much like demonetization.*

The Mexican dollar, or Spanish milled dollar, had for long years been the circulating standard of the Orient, and many persons thought the United States could secure that market for silver; hence, when the act of 1873 was passed,

revising the laws as to mints and coinage, instead of providing for the renewed coinage of our standard silver dollar, for which there was no demand here or abroad (except as bullion), Congress stipulated for a "*trade dollar*," to contain 420 grains of standard silver instead of $412\frac{1}{2}$ grains contained in the standard dollar.

It was also provided, "That any owner of silver bullion may deposit the same at any mint, to be formed into bars or into dollars of the weight of 420 grains troy, designated in the act as *trade dollars*, etc.," and the charges for converting "standard silver into trade dollars * * shall be fixed from time to time by the Director, with the concurrence of the Secretary of the Treasury, so as to equal but not exceed in their judgment, the actual average cost to each mint and assay office, of the material, labor, wastage, and use of machinery employed in each of the cases aforementioned."

The *gold dollar* of $25\frac{8}{10}$ grains was by this act made the unit of value. The increased amount of silver put in the *trade dollar*, changed the ratio between the gold and silver dollars, as well as between the silver dollar and the smaller coins.

Under this act there were coined from 1873 to 1878 inclusive, 35,965,924 *trade dollars*.

N. B.—*This did not look much like a crime against silver by its demonetization, when for the very purpose of creating a new market for the product, the intrinsic value of the coin was increased, and at the same time its free coinage provided for.*

Under the resumption act of January 14, 1875, provision was made for special coinage of fractional silver to redeem the fractional paper currency.

Under an act of March 3, 1875, Congress authorized the twenty cent piece, hoping it would be a popular coin, but less than \$300,000 were ever coined.

To increase the use of silver, Congress, by act July 22, 1876, provided that the Treasury might distribute equitably through the country \$10,000,000 of subsidiary silver, in exchange for legal tender notes, and although the Secretary of the Treasury by this act was authorized to limit the coinage of the *trade dollar* thereafter, so far as the United States was concerned, there was no

restriction upon the *coinage to meet any export demand*.

From 1879 to 1883, only some 6,600 *trade dollars* were called for, notwithstanding they contained 420 grains troy, against the standard dollar of 412½ grains troy, the fresh coinage of which was authorized by the act of February 28, 1878. These latter were a "legal tender at their nominal value for all debts and dues, public and private, except where otherwise expressly stipulated in the contract."

N. B.—*Did this look like demonetization?*

Not only so, but as there was really no demand for silver dollars, their coinage was made obligatory by the following: "And the Secretary of the Treasury is authorized and directed to purchase from time to time, silver bullion, at the market price thereof, not less than \$2,000,000 worth per month, nor more than \$4,000,000 worth per month, and cause the same to be coined monthly, as fast as so purchased, into such dollars; etc."

It has thus been demonstrated that there has never been a minute from April 2, 1792, down to this hour, when the *standard silver dollar* was not a full and unlimited legal tender, "except where otherwise expressly stipulated in the contract."

The foolish charge as to secrecy and stealth in connection with the legislation of 1873, is answered by the hard cold fact that it was before Congress for three years and fully discussed.

There was not even a motive for the American Congress to legislate against silver at that time, for the three-fold reason, that we had not yet resumed specie payments, the excessive production of silver had not taken place, and the silver dollar was still worth more as bullion than as coin.

The silver produced by Colorado up to 1873 had not been worth reporting.

There was an incentive to legislate in favor of compulsory coinage in 1878, because Colorado had suddenly become a tremendous producer of silver and promised then to increase indefinitely.

That this expectation was not without foundation it is only necessary to state that from 1874 to 1892, Colorado alone produced \$280,619,000 silver, and meantime the price

of silver had declined from \$1.298 per ounce in 1873 to less than 87 cents per ounce in 1892.

It had been sustained above \$1 per ounce until 1885 by the compulsory purchases of the Government under the act of 1878, but the supply outstripped all demand.

The constantly increasing output of silver in the world, and especially in this country, with Colorado leading, and the continued downward tendency in price stimulated the activity of the producer for legislation, and *the claim was made for more money through increased coinage of silver.*

The campaign started by the silver producer was thus injected into politics, and appeals were made to the farmers and laboring people, who were told their lot in life was made harder by the scarcity of money, and this would all be changed by the increased coinage of silver.

To the cry of more money was finally added the demand for free coinage at **16 to 1**, and this at a time when the silver product was exceeding all previous records, when the market value of silver bullion had been further greatly reduced, when the world's production of gold was larger than ever before and increasing annually, when there was more coined money (*gold and silver*) in the world than ever before, and when a larger percentage of business was being done by notes, checks, bills of exchange and book credits as substitutes for money, than ever before.

Business methods had so changed that an actual paradox was created. With the maximum of business there was a minimum demand for *actual money*, either coined or printed

Congress, by the act of July 14, 1890, compromised by increasing the purchase of silver from \$2,000,000 monthly as a discretionary amount, to 4,500,000 ounces monthly as an obligatory amount.

N. B.—*Did this look like demonetizing silver?*

Notwithstanding these enormous and compulsory purchases by the Treasury, silver bullion in the markets of the world continued to decline, until the average price for 1894 was less than 64 cents per ounce, against \$1.29 per ounce in 1873.

The currency circulation of the country was thus

greatly increased through the issue of treasury notes against the silver purchases, and yet the financial situation grew worse instead of better, so that the present condition of suffering and anxiety must be traced to some other cause than the *false charge of legislation adverse to silver*.

It is confidence and not money that is needed.

JOSIAH C. REIFF.

NEW YORK, October 1, 1896.